

## MEMORANDUM

TO: Intermediate School District Superintendents

FROM: Jacquelyn J. Thompson, Ph.D., Director  
Office of Special Education and  
Early Intervention Services

DATE: July 28, 2003

SUBJECT: Special Education Actual Cost Report Form SE-4096 for the 2002-03 School Year

Enclosed is the *Special Education Actual Cost Report* for the 2002-03 school year. This report is to be completed by your Business Office in conjunction with the intermediate school district (ISD) director of special education. *Please return this form along with those from your constituent local districts by September 30, 2003.*

You will also find enclosed the special education indirect rates for your constituent local districts for the 2002-03 school year. Please share these with the ISD director of special education and local constituent districts. As you can see from the enclosed letter to your constituent local district superintendents, we have notified them that they may contact the ISD director of special education if they are not sure what their special education indirect rate was for the 2002-03 school year.

In order for school districts to qualify for state aid under Sections 51a, 51c and 53a of the State School Aid Act, their programs must have been authorized in the ISD special education plan. We are asking you to have staff review all local district and public school academy final cost reports when they are returned to the ISD as follows:

1. Ensure that all the special education programs and services reported by local districts were operated by the reporting district consistent with the ISD plan.
2. If costs are listed on line 33 or line 34 for special education administrators, ensure staff claimed were qualified special education administrators and work at least half-time in special education consistent with the special education rules.
3. Identify and report to the Department any district that operated non-approved programs or charged unauthorized administrative costs.
4. **Return all SE-4096 forms to the Department no later than September 30, 2003. Failure to do so will result in withholding all of a district's state aid.**

OSE/EIS-03-17

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As a part of the Department's overall review of its data collection process and the accuracy of the data collected, preliminary comparisons between data reported on the SE-4096 Special Education Actual Cost Report and the Form B Financial Report have begun. In many cases, it was discovered that special education instructional costs on the Special Education Actual Cost Report (SE-4096, lines 1-15) exceeded costs reported as General Fund Expenditures for Special Education--District Level on the Form B Report (Added Needs--Special Education--122).

Department staff from the Office of Special Education and Early Intervention Services and from the Office of State Aid and School Finance will be working with districts during the filing of the 2002-03 data to reconcile these inconsistencies. Districts are reminded that the costs charged to the SE-4096 Special Education Actual Cost Report must be reported by the appropriate fund, function and object code as specified in the Bulletin 1022, School District Accounting Manual. Please note the appropriate function and object codes on the enclosed "Special Education Allowable Expenditures for State and Federal Funds."

Thank you for your help in reviewing and processing the request for state aid on the Special Education Actual Cost Report for the 2002-03 school year.

If you have any questions regarding the form, please contact the Office of Special Education and Early Intervention Services, Finance and Program Management, at (517) 241-4517.

Enclosures

## MEMORANDUM

TO: Local School District Superintendents and  
Public School Academy Administrators

FROM: Jacquelyn J. Thompson, Ph.D., Director  
Office of Special Education and  
Early Intervention Services

DATE: July 28, 2003

SUBJECT: Special Education Actual Cost Report Form SE-4096 for the 2002-03 School Year

Enclosed is a copy of the *Special Education Actual Cost Report* which is to be completed and returned to your intermediate district by September 16, 2003. Intermediate school districts (ISD) will return their own and all constituent local forms to the Department by September 30, 2003.

**Section 18 of the proposed State School Aid Act requires the form to be submitted by September 30, 2003. Failure to file the form will result in withholding all of the district's state aid.**

One of the items that is needed to complete the form is your local district's special education indirect rate for the 2002-03 school year. These rates were sent to all school districts earlier in the year by the Office of Financial Management and Administrative Services. If you are not sure what the special education indirect rate is, contact your ISD director of special education.

As a part of the Department's overall review of its data collection process and the accuracy of the data collected, preliminary comparisons between data reported on the SE-4096 Special Education Actual Cost Report and the Form B Financial Report have begun. In many cases, it was discovered that special education instructional costs on the Special Education Actual Cost Report (SE-4096, lines 1-15) exceeded costs reported as General Fund Expenditures for Special Education--District Level on the Form B Report (Added Needs--Special Education--122).

Department staff from the Office of Special Education and Early Intervention Services and from the Office of State Aid and School Finance will be working with districts during the filing of the 2002-03 data to reconcile these inconsistencies. Districts are reminded that the costs charged to the SE-4096 Special Education Actual Cost Report must be reported by the appropriate fund, function and object code as specified in the Bulletin 1022, School District Accounting Manual. Please note the appropriate function and object codes on the enclosed "Special Education Allowable Expenditures for State and Federal Funds."

OSE/EIS-03-18

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If you have any questions regarding the form, please contact the Office of Special Education and Early Intervention Services, Finance and Program Management, at (517) 241-4517.

Enclosure

cc: Intermediate School District Superintendents

**MICHIGAN DEPARTMENT OF EDUCATION**  
**Office of Special Education and Early Intervention Services**  
**Finance and Program Management**  
**P.O. Box 30008, Lansing, Michigan 48909**

AUTHORITY: Act 94, PA 1979 as amended.  
 COMPLETION: Required for a district to collect state categorical aid.

Direct questions regarding this form to the Office of Special Education Services at (517) 241-4517.

**2002-03 LOCAL AND INTERMEDIATE DISTRICT  
 SPECIAL EDUCATION ACTUAL COST REPORT  
 AND SUPPLEMENTAL PROGRAM SCHEDULES**

<b>EDUCATIONAL AGENCY</b>	Legal Name of School District	District Code No.	Telephone - Area Code/Local No.
	Address	City	Zip Code

**MAILING INSTRUCTIONS:**

**DISTRICT:** Return ORIGINAL and ONE copy by September 16, 2003 to the intermediate district. Retain ONE copy.

**ISD:** Review the form and return ORIGINAL **by September 30, 2003** to the STATE address above. Retain ONE copy for your records. **Failure to return the form by September 30 will result in the withholding of the district's entire state aid payment.**

**Districts that do not operate any special education programs or services, check this Box ☐ , sign and return this page to the ISD.**

**INSTRUCTIONS:**

1. Every school district operating a special education program must file a certification page and a page 2, "Summary of Special Education Expenditures." Total allowable expenditures for special education reported on page 2 must agree with the official accounting records of the school district.

File this form by the above due date. **If later audited figures change the data reported for a program, file an amended report immediately.**

2. Please review the enclosed instructions before completing the form.
3. School districts expending federal funds for special education will report them on page 2 **ONLY**.
4. Every school district operating a special education program must file a SE-4096 page 3. The page 3 must be marked as Section 52. Page 3 will be used for the distribution of funds under Section 51a and Section 51c, as well as, for monitoring and program fiscal reviews.
5. Every school district that operates a program for Section 53a eligible pupils as defined in the instructions must file a separate SE-4096 page 3. The page 3 must be marked as Section 53a. Page 3 will be used for distribution of Section 53a funds, as well as, for monitoring and program fiscal reviews.
6. School districts operating both Section 52 and Section 53a programs must file a separate SE-4096 page 3 form for each program.

**CERTIFICATION:** I certify that the information submitted on this report is true and correct to the best of my knowledge. This report was prepared in cooperation with the business staff and the costs reported are proper charges to special education. All records and schedules (including time reports supporting proration of personnel) used in the preparation of this report will be kept for three years for audit purposes.

Date \_\_\_\_\_ Superintendent or  
 Authorized Official \_\_\_\_\_ (Signature)

Contact Person \_\_\_\_\_ Telephone \_\_\_\_\_  
 Area Code/Local No.



**SPECIAL EDUCATION ACTUAL COST REPORT**  
(July 1, 2002 through June 30, 2003)

**District Name** \_\_\_\_\_

**District Code** \_\_\_\_\_

Funding Source (Check ONE)			PERSONNEL		List personnel in school year full time equivalency, pro-rate to tenths (.0). Refer to the attached "Special Education List of Allowable Expenditures" for a description of reimbursable items by function and object codes.					
<input type="checkbox"/> Section 52			Profes- sional	Reimb. Aides	Salaries 1000	Benefits 2000	Purchased Services 3000-4000	Supplies and Materials 5000	Capital Outlay 6000	Other Expend. 7000
<input type="checkbox"/> Section 53										
Instruction			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	122	LRE Class Aide								
2		Mild Cog Imp								
3		Mod Cog Imp								
4		Sev Cog Imp								
5		Emotional Imp								
6		Learn Disability								
7		Hearing Imp								
8		Visual Imp								
9		Physical Imp								
10		Sev Mult Imp								
11		Early Child Prog								
12		Sev Lang Imp								
13		Autistic Imp								
14		Resource Room								
15		Section 24								
16		<b>Subtotal</b>								

Instructional and Non-Instructional Support			Salaries	Benefits	Purchased Services	Supplies and Materials	Capital Outlay	Other Expend.	TOTAL
17	213	Health Serv							
18	214	Psychological							
19	215	Spch & Audiol							
20	216	Social Work							
21	217	Visual Aid							
22	218	TC/Ment Imp							
23	218	TC/Emot Imp							
24	218	TC/Learn Disab							
25	218	TC/Hear Imp							
26	218	TC/Visually Imp							
27	218	TC/POHI							
28	218	TC/Autistic Imp							
29	218	Early Child Home							
30	219	Physical Educ							
31	219	Other Pup Sup							
32	221	Improve of Instr							
33	226	Superv/Direction							
34	241	Sch Principal							
35	28x	Supp Serv Cent							
36	29x	Supp Serv Other							
37		<b>Subtotal</b>							

38	<b>SUBT (Line 16+37)</b>								
39	Indirect Costs ( )								
40	231	Bd of Ed (adjust)							
41	Capital Outlay (Line 16+37)								
42	261	Direct O&M							
43	271	Pupil Transp. (53 only)							
44	Tuition - MSD								
45	<b>SUBTOTAL (Lines 39-44)</b>								
46	<b>TOTAL COST</b>								

## Section 53a Allocation Verification for 2002-03

District: \_\_\_\_\_ Code No.: \_\_\_\_\_

### I. Section 53a Riders

To claim Section 53a transportation costs on the SE-4096 list the names of the pupils claimed as Section 53a for the regular year. **List the bus number of the vehicle ridden by each pupil from the SE-4107, School Bus Inventory Report. This must match the number of riders claimed on the SE-4094 Transportation Expenditure Report. Also, attach a copy of the SE-4094 to verify expenditures.**

2002-03 Riders

Bus # Ridden



## INSTRUCTIONS FOR COMPLETING FORM SE-4096 2002-03 SPECIAL EDUCATION ACTUAL COST REPORT

### Introduction

All Local and Intermediate School Districts (public school academies report as a local school district) that employ special education personnel are required to complete this form to qualify for state special education categorical aid. Local districts that do not operate any special education programs and/or services complete page 1 only by checking the box provided.

### NEW for the 2002-03 school year:

1. **The proposed language change in Section 18 of the State School Aid Act (Conference Report for H.B. 4401) requires each district and intermediate district to submit the SE-4096 Special Education Actual Cost Report by September 30, 2003. Failure to submit the report by September 30 will result in the withholding of the district or intermediate district's entire state aid beginning with the next payment due the district or intermediate district.**

2. Page 3 of the SE-4096 has been revised to more closely mirror other Department of Education cost reporting forms. Changes include:
  - a. Moving the reporting of fringe benefits (object codes 2100, 2800, 2920) from lines 15 and 35 to column number 4. Fringe benefits are now to be reported for all personnel by function and program code.
  - b. Moving the reporting of expenditures for Section 24 eligible programs from line 36 to line 15. These expenditures now must be reported by the appropriate object code (i.e.; column 3, 4, 5 and 6).
  - c. Breaking out the reporting of capital outlay expenditures between instructional and instructional/non-instructional support. All capital outlay purchases for instructional staff or usage in the classroom will be reported on line 16. All capital outlay purchases for support services staff will be reported on line 37. Lines 16 and 37 are then summed to line 41.

Capital outlay for the SE-4096 is defined as non-consumable instructional equipment items with a single piece purchase price of \$1,000 or more. Furniture and instructional equipment ordinarily available for regular education pupils such as desks, lab tables, movie projectors **are not** reimbursable.

3. District's showing more expenditures attributed to IDEA flowthrough accounts than the amount of grant funds, shall place the excess expenditures under Section 52. Excess amounts are to be apportioned back to the appropriate object code (i.e.; salaries, purchased services or supplies). These amounts **are not** to be placed under the Other Expenses column. Excess expenditures from capacity building or transition grants **may not** be reported on the SE-4096 report.
4. The State School Aid Act restricts reimbursement to aides who work exclusively in special education. All non-mandated aides working solely in special education are required to be reported on the SE-4096 Special Education Actual Cost Report by the classroom program

assignment, not by pupil disability. Line 1 of the SE-4096 has been titled "LRE Classroom Aides." This line is used to report all individual pupil aides assigned by an IEP to work with a special education pupil in regular education and all Least Restrictive Environment (LRE) aides assigned to a building under the direction and supervision of a special education "LRE team." **Transportation aides are not reported on the SE-4096 Special Education Actual Cost Report, but instead are reported on the SE-4094 Transportation Expenditure Report.**

5. Funds transferred to the Michigan Jobs Commission (MRS) for the initiation of a cooperative agreement that is written consistent with the joint agreement between the Office of Special Education and Early Intervention Services and the Michigan Jobs Commission will qualify for state aid. Attach a copy of the agreement for the 2002-03 year showing the school district will be receiving a dollar in special education services for every dollar transferred to MRS. **These costs are reported under function code 410 and object code 8900 and should be placed on line 40–Board of Education/Adjustment in column 8.**
6. Instructional supplies may not be reported in a lump sum to any of the administrative functions (line 33–Supervision and Direction, and line 34–School Principal). Instructional supplies **ONLY** need to be prorated to the appropriate program line on a direct usage basis. **Office and administrative supplies continue to be ineligible.**
7. Districts are required to keep documentation to verify all amounts recorded as journal entries charged to supplies or purchased services on the SE-4096. Such documentation shall be submitted to the Department upon request. Lack of documentation will result in the disallowance of these costs.

### **General Instructions**

1. The SE-4096 shall report costs for the school year July 1 to June 30.
2. Record all amounts of money to the **nearest dollar**.
3. The general classification of objects and expenditures are those which are found in Bulletin 1022, the Accounting Manual for school districts. The specific items which have been approved for special education reimbursement are shown in the "Special Education Allowable Expenditures" revised April, 2003 which is attached to this form. Additional copies are available upon request. Items not listed in this chart are not to be included on the SE-4096 without prior Department approval.
4. The objects of expenditure should be assigned to the program for which the service or supply was acquired on a direct charge basis wherever possible, or by a method of allocation which will provide a reasonable distribution of costs. The allocations once determined should be posted to the program accounts and adjusted from the account in which the original charge was made. Documentation of allocations and prorrations must be maintained for audit purposes and submitted to the Department upon request.

### **Recording Costs**

Interpretation II-009, "Steps for Setting Up Accounts, Recording, and Reporting Special Education Expenses for the Special Education Final Cost Report (SE-4096) and the Final Expenditure Report (DS-4044) for Federal Grants" dated March, 2002, has been sent to all districts. Persons completing this form for the first time may wish to read that publication. This publication is available upon request from the Office of Special Education and Early Intervention Services.

## General Accounting Information

### 1. *Early Retirement Incentive Payments*

These include: (a) lump sum payments, (b) retirement incentive payments spread over the following year, and (c) the purchase of annuities as a retirement. These incentives **do not** qualify for state categorical reimbursement. The early retirement incentive payment plan is developed for the convenience of the school district and is not directly related to providing services to pupils with disabilities.

Stipends or prepaid insurance for personnel who retire early **do not** qualify for categorical reimbursement. These payments are made as an incentive for personnel to retire early and are not part of the ordinary fringe benefits and operational costs of the district.

Payment of unused sick leave is reimbursable to the extent that the sick leave was accrued during service to the categorical program. For example, if an employee worked five years in a general education program and five years in a special education program, the split in the reimbursement for unused sick leave should be 50 percent to each.

### 2. *Expenditure for Repair and Maintenance*

Costs for repair or replacement of items such as carpeting, copy machines, windows, and lavatories are reimbursed as a part of the district's indirect rate. If the district is eligible and chooses to claim direct operation and maintenance for a building, these costs may be included as part of the direct operation and maintenance. Direct operation and maintenance costs plus indirect costs cannot exceed 15 percent of direct costs as specified in Section 51a(7)(a) of the State School Aid Act. District's wishing to claim direct operation and maintenance should contact the Office of Special Education and Early Intervention Services for assistance.

### 3. *Lease Purchase and Rent*

Lease purchase of facilities and rent of facilities **are not** reimbursable.

### 4. *Refunds*

These are a credit against the year in which the refund is received for the purpose of calculation of costs on this form.

## Detailed Instructions for Form SE-4096, Page 2

Line 1. Enter here the total amount of allowable expenditures for Section 52 programs. This total must agree with the total amount on the Section 52 page 3, line 46, column 9.

Line 2. Enter here the total amount of allowable expenditures for Section 53a programs. This total must agree with the total amount on the Section 53a page 3, line 46, column 9.

Line 3. Both local and intermediate districts must enter the total of allowable expenditures that each entity expended from other state and federal sources. These sources included all Individuals with Disabilities Education Act (IDEA) grants, Section 51a(6), and direct federal grants. These expenditures must be listed by funding source.

IDEA funds must be recorded in a segregated account. If a district's accounting records show more expenditures attributed to IDEA Flowthrough than the amount of grant funds, reallocate the excess expenditures to the Section 52 program. Costs allocated to Section 52 must be

accounted for by the appropriate object code. **Do not place these amounts in the Other Expenses column.** Only costs in excess of federal revenue approved in the IDEA grant application may be included. The total claimed on the DS-4044 Federal Final Cost Report and the Section 52 page of the SE-4096 cannot exceed the approved IDEA budget. **Expenditures in excess of the grant award under IDEA Capacity Building or Transition Services are ineligible to be reported on page 3 of the SE-4096.**

If a district's accounting records show less expenditures for an IDEA Flowthrough project than the funding received, examine the Section 52 expenditures carefully to determine if any of these Section 52 expenditures can legitimately be reallocated to the grant consistent with the approved grant application. If not, local districts must return the excess federal funds to the intermediate school district. Intermediate districts must return excess funds to the state.

Explanation of Expenditures on Line 3. Please list the source and amount of funds shown on line 3. Sources may be IDEA grants, Section 51a(6), or direct funded federal projects.

Line 4. Enter here the total allowable expenditures for special education. This is the total of lines 1, 2, and 3 and must be reconcilable to your accounting records.

### **Detailed Instructions for Form SE-4096, Page 3**

1. Enter the name of the district and the five digit district code for your district on the worksheet.
2. Make extra copies of the form for worksheets as needed. Check the funding source. **You will need to complete a separate page 3 for Section 52 and Section 53 expenditures.**
3. Include all eligible special education expenditures not reported elsewhere. **Do not include any expenditures for Section 51a(6) or federal grants identified on page 2, line 3.**
4. Column 1/Professionals. Enter the number of full time equivalency (FTE) special education approved professional personnel hired by the district. The FTE positions should be reported to the **nearest tenth (0.0). If no personnel are reported, but there are costs, attach an explanation.**
5. Column 2/Aides. **The State School Aid Act restricts reimbursement to aides who work their full employment with the district in special education.**

Do not include the FTEs for program assistants, interpreters, or secretaries in the aides column. The salaries for these persons are reimbursable when they work their full employment with the district in special education. However, they are not considered aides and the FTEs are not to be listed in this column.

Enter the FTE for the aides that qualify for reimbursement and for whom salaries are included in the salaries column. Health care aides serving an occupational therapist, physical therapist or school nurse should be reported on line 17, function 213. All other aides must be reported by program assignment of the pupil to the nearest tenth (0.0).

6. Columns 3 through 8/Expenses. Enter the cost information on the appropriate function lines and in the appropriate object code column—salaries, benefits, purchased services, supplies and materials, etc.

The benefits column (column 4) only includes those employee benefits in the 2100 series—insurances, 2800 series—mandatory coverages and those under 2920 (refer to the chart of allowable expenditures).

Capital Outlay (column 7) continues to be for instructional items only with a single purchase price of \$1,000 or more. Classroom capital outlay purchases are reported on line 16. Purchases for support personnel are reported on line 37. A list detailing all capital outlay expenditures must be attached to the report.

Other Expenditures (column 8) only includes costs for dues and fees to professional organizations, as well as, the costs for criminal background checks on instructional staff.

**Tuition payments, service billings and contracted services between school districts are not allowable costs. The operating district will claim state special education categorical aid and deduct it from the cost before billing the contracting district.**

7. Column 9/TOTAL. Enter the line totals of columns.
8. Line 15. Enter the special education costs for programs approved by the Department and operated on the grounds of a juvenile detention facility or child caring institution funded under Section 24 of the State School Aid Act. The amount on this line must agree with the total Section 52 cost reported and approved on the SE-4824 form for Section 52 and the total Section 53a cost reported and approved on the SE-4824 form for Section 53a.
9. Line 16. Enter subtotals for all columns for instructional services (lines 1-15). Enter capital outlay purchases used in classrooms on this line. This total for capital outlay will be carried forward to line 41.
10. Line 37. Enter subtotals for all columns for instructional and non-instructional support services (lines 17-36). Enter capital outlay purchases used by support staff on this line. This total for capital outlay will be carried forward to line 41.
11. Line 38. Subtotal of line 16 plus line 37 **minus** capital outlay totals.
12. Line 39/Indirect Costs. Enter the state assigned special education indirect cost rate. Multiply the approved rate times the total direct costs on line 38 and enter the product on this line in column 8 and column 9. **If the special education indirect rate is not known, contact your intermediate school district.** Indirect cost rates are your district's rate or 15 percent, whichever is less.
13. Line 40/Board of Education/Adjustments. Enter allowable costs related to special education hearings other than school attorney fees. This line will also be used by the Office of Special Education and Early Intervention Services to make any necessary adjustments to the report and is used to report funds transferred to MRS as described on page 2 of the instructions.
14. Line 41/Capital Outlay. Enter the total amount from line 16 plus line 37. This amount includes only single pieces of equipment costing \$1,000 or more. It is limited to items used solely for instruction of special education pupils. Equipment purchased for use of individual pupil instruction or to provide access to education (wheelchairs, group hearing devices, etc.) may also be included.

Items, such as desks and movie projectors, considered standard equipment for regular education classrooms are not reimbursable.

**An itemized list of equipment claimed on this line must accompany the SE-4096.**  
The list must identify the item, cost, and the purpose or use if not obvious.

15. Line 42/Direct Operation and Maintenance. This is limited to programs that are in separate facilities used solely for special education pupils. Districts with an indirect rate of 15 percent or more do not qualify. To be considered for reimbursement, a schedule detailing the costs

upon which the direct operation and maintenance is being calculated must be included with the SE-4096. This consists of those activities concerned with keeping the physical plant open, comfortable and safe for use, and keeping the grounds, buildings and equipment in an effective working condition and state of repair. This includes activities of maintaining safety in buildings, on the grounds, and in the vicinity of schools. All utility expenditures such as electricity, heating (metered or bulk supply), water and sewage waste and trash disposal, and telephone charges are also included under this function. Building security is included under this function. More information, including an example, is available upon request from the Office of Special Education and Early Intervention Services.

Enter the amount of direct operation and maintenance costs eligible to be charged. The combined total of the indirect cost and the direct operation and maintenance costs cannot exceed 15 percent of district program costs. Attach worksheets showing details of the calculations.

16. Line 43/Pupil Transportation. (Section 53 only) See page 7 of the instructions.
17. Line 44/Tuition MSD. (INTERMEDIATE SCHOOL DISTRICT ONLY) **Enter the total preliminary tuition for pupils attending the Michigan School for the Deaf. The Department will adjust this figure when the final tuition billings are complete in October.**
18. Line 45/Subtotal. Enter the subtotal for lines 39 through 44.
19. Line 46/Total Cost. Add line 38 to line 45 and put the total here.

### **Detailed Instructions for Section 53a Reimbursement**

*Pupil Eligibility – only complete this section if:*

1. Section 53a pupils were reported on the special education page of the “2002-03 Pupil Membership Count,” form DS-4061 for the September 2002 count (**do not complete for pupils counted as Section 53a on the February 2003 count date**); or
2. Section 53a Transportation costs were reported on the “Transportation Expenditure Report,” form SE-4094; or
3. The Department has provided written approval to charge a unique cost for a ward of the state. A copy of the approval must accompany the SE-4096.

*Eligible Costs*

1. The number of pupils enrolled on the September count (DS-4061) will be the basis for calculating Section 53a program costs.
2. As indicated in Section 53a(2) of the State School Aid Act, “only those costs that are clearly and directly attributable to educational programs for pupils described in subsection (1), and that would not have been incurred if the pupils were not being educated in the district or intermediate district, shall be reimbursed under this section.” Administrative costs related to operating the program including costs related to directors of special education, special education supervisors, special education building principals, secretarial support for special education personnel, transportation supervisors and clerical staff, cost of operating the bus garage and other administrative costs normally incurred by the district are not chargeable to Section 53a. **Program costs that are reimbursed by federal funds are not to be charged to Section 53a.**

3. Reimbursement for classroom programs and supportive services will be calculated based on the proportion of Section 53a pupils enrolled in the program or service, based on the number of pupils and costs for the total program. This is not calculated on a single classroom basis.

For example, a district operating a trainable program has one Section 53a pupil out of a total of 10 enrolled in the program. In this case, 90 percent of the cost will be attributed to Section 52 and 10 percent to Section 53a. The program cost is \$40,000. Ninety percent or \$36,000 is reported as a Section 52 program cost for trainable mentally impaired and the remaining \$4,000 is reported as a Section 53a trainable program cost.

The district's one Section 53a trainable pupil also receives speech. The district provided speech and language services to 100 pupils. Therefore, the district may bill 1 percent of the speech program cost to Section 53a and the other 99 percent to Section 52.

4. Costs unique to services for Section 53a pupils may be added to the proportion of costs billed to Section 53a provided there is a detailed explanation of the costs and the district has written prior approval from the Department. These include the costs of a special communicative device for pupils or for capital outlay equipment that is used totally by the Section 53a pupil and is not available to other pupils in the district. Capital outlay costs for items which are used by the total program **cannot** be prorated to Section 53a since these costs are not unique to programming for court or state agency placed pupils. Direct cost for aides assigned to Section 53a pupils, as well as, administrative and consultative staff assigned to institutions and nursing homes require written prior approval to be charged to Section 53a.

#### *Section 53a Transportation*

Only costs associated with Section 53a pupils receiving "specialized transportation services" qualify. Specialized transportation services means transportation services provided in vehicles for the exclusive use of special education pupils (R388.371).

1. To claim transportation costs under Section 53a, the district must send the information listed below to the Department with the Actual Cost Report (SE-4096):
  - the names of the Section 53a pupils receiving specialized transportation services as of the transportation count week in October of 2002;
  - the bus number from the bus inventory that each of the above pupils rides on during the count week;
  - a copy of the SE-4094, Transportation Expenditure Report, to verify the amount claimed.
2. Place the amount reported on the SE-4094, column 6, Special Education-Section 53a Total Expenditures, on line 43, columns 8 and 9. This amount will be the district's reimbursable cost for Section 53a Transportation.

**MICHIGAN DEPARTMENT OF EDUCATION  
Office of Special Education and Early Intervention Services  
(Revised April, 2003)**

SUBJECT: Special Education Allowable Expenditures for State Funds for 2002-03 and 2003-04 and Federal Funds for the 2003-04 School Year

Sections 51a, 52, 53 of the State School Aid Act limit categorical reimbursement to costs approved by the Department of Education. Federal flowthrough funds for the Individuals with Disabilities Education Act (IDEA) are appropriated in Section 51a of the State School Aid Act and are subject to the same funding criteria as state funded programs.

The following is a list of items approved to be included as direct costs on the SE-4096 Special Education Final Cost Report, IDEA Federal Grant application, and Final Cost Report form DS-4044. This list also applies to on-grounds juvenile detention programs funded under Section 24 of the State School Aid Act.

**Districts are reminded that costs contracted from another Michigan public school district may not be reported on the SE-4096 and Section 24 budget and cost reports.**

A district must have prior written approval from the Office of Special Education and Early Intervention Services, Michigan Department of Education, to charge costs not included on this list.

**Account Codes**

Function <u>Code</u>	Object <u>Code</u>	[Program] <u>Code</u>
-------------------------	-----------------------	--------------------------

122	<b>INSTRUCTION-SPECIAL EDUCATION CLASSROOMS SALARIES</b> (Column 3)	
-----	--	--

- |      |  |   |
|------|--|---|
| 1240 | Teacher costs must be reported using program codes:  |   |
|      | [110]  | Mild Cognitive Impairment (educable mentally impaired)      |
|      | [120]  | Moderate Cognitive Impairment (trainable mentally impaired) |
|      | [130]  | Severe Cognitive Impairment (severely mentally impaired)    |
|      | [140]  | Emotional Impairment  |
|      | [150]  | Learning Disability   |
|      | [160]  | Hearing Impairment  |
|      | [170]  | Visual Impairment   |
|      | [180]  | Physical and Other Health Impairment                        |
|      | [190]  | Severe Multiple Impairment                                  |
|      | [191]  | Early Childhood Developmental Delay (preprimary impaired)   |
|      | [192]  | Severe Language Impairment                                  |
|      | [193]  | Autistic Impairment   |
|      | [194]  | Resource Room   |
| 1620 | Secretary/clerical must work 100% of their employment in special education (state funds only)  |   |
| 1630 | Aide Salary (must work 100% of their employment in special education, report by program assignment) – Instructional aides must be reported under Function Code 122-Instruction (lines 1-15 on the SE-4096) |   |
| 1690 | Interpreter  |   |
| 1860 | Substitute or temporary aide/clerical  |   |
| 1870 | Substitute Teacher (substitutes for IDEA professional development activities are reported under Function Code 221)   |   |



Function <u>Code</u>	Object <u>Code</u>
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122     **PURCHASED SERVICES**  
(Column 5)

- 3110    Contracted Instructional Services (**Public School Academies only**).  
          Approved special education instructional staff must be reported using  
          the program codes on page 1.
- 3130    Professional/Technical contracted audiological medical service,  
          psychologist, or other student services (reported under appropriate  
          function codes).
- 3190    Other Professional/Technical services for staff such as medical consultation  
          not provided under employee benefits.
- 3210    Local Travel for staff traveling between buildings only.  
          ***Note: Inservice/Conference travel is recorded under***  
          ***Improvement of Instruction as Function Code 221,***  
          ***Object Code 3220.***
- 3610    Printing for instructional materials on a contracted basis.
- 4120    Instructional Equipment Repair and Maintenance is limited to instructional  
          equipment (i.e., hearing aides) used 100% for special education. **This**  
          **does not include repair or replacement costs for copy, fax, or**  
          **other non-instructional machines.**
- 4220    Rental of special education instructional equipment; i.e., wheelchairs.  
          **This does not include rental of copy, fax, or other non-**  
          **instructional machines.**

**SUPPLIES**  
(Column 6)

- 5110    Teaching Supplies and Materials includes consumable items and equipment  
          valued under \$1,000 for each piece for state funds and \$5,000 for  
          federal funds. Only items used for pupil evaluation or instruction are  
          reimbursable. Furniture and instructional equipment ordinarily available  
          for regular education pupils are not reimbursable, including such items  
          as desks, chairs, lockers, movie and overhead projectors. Objects of  
          expenditure should be assigned on a direct charge basis to each program.
- 5210    Textbooks for exclusive special education use including braille and  
          Talking Book expense.
- 5310    Library Books are limited to center programs in self-contained special  
          education building and Special Education Learning Material Centers.
- 5410    Periodicals for special education pupil use only.

**CAPITAL OUTLAY**  
(Column 7)

- 6410    Capital Outlay refers to nonconsumable instructional equipment items  
          costing \$1,000 or more (for each piece) for state aid and \$5,000 or  
          more (for each piece) for federal grants. Furniture and instructional  
          equipment ordinarily available for regular education pupils such as  
          movie projectors and lab tables are not reimbursable. Computers used  
          100% in special education classrooms for instruction are reimbursable.

Function <u>Code</u>	Object <u>Code</u>
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122     **OTHER EXPENDITURES**  
(Column 8)

7400   Dues and Fees for special education personnel memberships in professional organizations related to special education, as well as, professional licenses for instructional and support personnel. Criminal background check fees for teachers are included here.

**EMPLOYEE BENEFITS FOR INSTRUCTIONAL STAFF ONLY**  
(Column 4)

2100   Insurance; i.e., individual health, dental, life, and other benefits in the 2100 series.  
2400   Professional Services  
      2410 – Physicals, Hepatitis B shots  
2800   Retirement, Social Security, Medicaid, and other employee benefits included in the 2800 series.

Refer to Attachment A, “Reimbursement for Unemployment Costs for Special Education Personnel as well as Personnel Eligible for Funding under Section 24 of the State School Aid Act,” before Charging unemployment.

2920   Cash Payments in lieu of benefits in the 2100 series.

213     **HEALTH SERVICES**

1160   Supervision (must be at least half-time special education and for state funds only)  
1410   Physician (when listed as an employee)–for diagnosis or evaluation services only  
      *Note: Services provided by a physician (other than for Diagnostic or evaluation purposes) are subject to the medical services exclusion and not reimbursable (Garret vs. U.S. Supreme Court, March 3, 1999).*  
1450   Nurse (special education only)  
1470   Physical Therapist  
1480   Occupational Therapist  
1490   Other Technical (Department approval required)  
1620   Secretary/clerical must work 100% of their employment in special education (state funds only)  
1630   Aides (must work 100% of their employment in special education, includes **health care aides serving the OT, PT and Nurse**)  
1860   Substitute or temporary aide/clerical  
3000 – 7000 Series, refer to page 2 for directions (contracted costs from another Michigan public school district may not be reported)

Function <u>Code</u>	Object <u>Code</u>
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214     **PSYCHOLOGICAL SERVICES**

- 1430    Psychologist/psychiatrist
- 1620    Secretarial/clerical must work 100% of their employment in special education  
          (state funds only)
- 1630    Bilingual Aides under R340.1793
- 1860    Substitute or temporary aide/clerical
- 3000 – 7000 Series, refer to page 2 for directions (contracted costs from another  
          Michigan public school district may not be reported)

215     **SPEECH PATHOLOGY AND AUDIOLOGY**

- 1280    Speech and Language Therapist
- 1290    Speech and Language Pathology Assistant
- 1490    Audiologist
- 1620    Secretary/clerical must work 100% of their employment in special education  
          (state funds only)
- 1630    Bilingual Aides under R340.1793
- 1820    Substitute Teacher for speech audiology
- 1860    Substitute or temporary aide/clerical
- 3000 – 7000 Series, refer to page 2 for directions (contracted costs from another  
          Michigan public school district may not be reported)

216     **SOCIAL WORK SERVICES**

- 1440    Social Work
- 1620    Secretary/clerical must work 100% of their employment in special education  
          (state funds only)
- 1630    Bilingual Aides under R340.1793
- 1820    Substitute Social Worker
- 1860    Substitute or temporary aide/clerical
- 3000 – 7000 Series, refer to page 2 for directions (contracted costs from another  
          Michigan public school district may not be reported)

217     **VISUAL AID SERVICES**

- 1270    Visual handicapped media specialist
- 1290    Orientation and Mobility Specialist
- 1620    Secretary/clerical must work 100% of their employment in special education  
          (state funds only)
- 1630    Aide (must work 100% in special education)
- 1860    Substitute or temporary aide/clerical
- 3000 – 7000 Series, refer to page 2 for directions (contracted costs from another  
          Michigan public school district may not be reported)

Function <u>Code</u>	Object <u>Code</u>
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**218 SPECIAL EDUCATION TEACHER CONSULTANT AND PREPRIMARY SERVICES**

- 1250 Instructional Consultation including special education teacher consultants and nonclassroom preprimary staff – This line is for personnel functioning as a teacher consultant only. Personnel functioning as classroom teachers and teacher consultants are reported as instructional personnel (contact the Department for reporting requirements).
- 1620 Secretary/clerical must work 100% of their employment in special education (state funds only)
- 1630 Aides (must work 100% of their employment in special education) for PPI services only
- 1820 Substitute Teacher Consultant
- 1860 Substitute or temporary aide/clerical
- 3000 – 7000 Series, refer to page 2 for directions (contracted costs from another Michigan public school district may not be reported)

**219 OTHER PUPIL SERVICES**

This includes Music Therapist, Recreation Therapist, Teachers of Homebound/Hospitalized and Other Professional Personnel who qualify under R340.1792 and are not included elsewhere.

- 1490 Other Professional
- 1620 Secretary/clerical must work 100% of their employment in special education (state funds only)
- 1630 Aides (must work 100% in special education)
- 1860 Substitute or temporary aide/clerical
- 1890 Substitute Homebound/Hospitalized
- 3000 – 7000 Series, refer to page 2 for directions (contracted costs from another Michigan public school district may not be reported)

**221 IMPROVEMENT OF INSTRUCTION**

- 1870 Substitute Teachers (IDEA professional development activities only)
- 3000 – 7000 Series, refer to page 2 for directions (contracted costs from another Michigan public school district may not be reported)

**226 SUPERVISION AND DIRECTION OF INSTRUCTIONAL STAFF  
State Funds Only**

- 1120 Assistant Superintendent/Director of Special Education with the title of Assistant Superintendent (must be at least half-time and state funds only). ISD Special Education Directors must be full time and state funds only.
- 1160 Supervisors (must be at least half-time and state funds only)
- 1170 Director of Special Education who is not an Assistant Superintendent (must be at least half-time and state funds only). ISD Special Education Directors must be full time and state funds only.

Function Code	Object Code	
226	1620	Secretary/clerical working 100% of their employment in special education (state funds only)
	1860	Substitute or temporary secretary/clerical (state funds only)
	3000 – 4000	Series, refer to page 2 for directions (contracted costs from another Michigan public school district may not be reported)
231	<b>BOARD OF EDUCATION (Purchased Services Only)</b>	
	3170	Hearing Officer and Mediation Fees. Hearing officer fees when an attorney is a hearing officer as required by special education rules. <i>Note: School attorney fees for hearings are not allowable.</i>
	3180	Federal audit expenses. Chargeable to the appropriate <b>federal grant</b> only provided there is a bill showing actual audit costs. <b><i>Not allowed for state aid.</i></b>
	3190	Professional technical. Hearing officer and mediation fees if an attorney is not used. Court recorders for hearing cost are included here.
241	<b>OFFICE OF SCHOOL PRINCIPAL State Funds Only</b>	
	1160	Special education supervisors acting as principals where the school building is <b>used solely for special education purposes –state funds only.</b>
	1620	Secretary/clerical working 100% of their employment in special education (state funds only)
	1860	Substitute or temporary secretary/clerical (state funds only)
	3000 – 4000	Series, refer to page 2 for directions (contracted costs from another Michigan public school district may not be reported)
	7000 –	Series, refer to page 2 for directions (contracted costs from another Michigan public school district may not be reported)
261	<b>DIRECT OPERATION AND MAINTENANCE State Funds and State Discretionary Projects Only</b>	
	<p>Limited to facilities used solely for special education where the direct cost method is used. If a district chooses to use this method, the district must include a description of how the direct operation and maintenance is calculated. The district may not charge indirect costs for any special education supportive or related service housed in a facility for which direct operation and maintenance is charged. A description must accompany the SE-4096 and include: (a) a list of all special education programs, support services, and related service personnel housed in the facility; (b) the salary and related costs for each; and (c) the procedure used to deduct these costs from the indirect cost claimed by line item.</p>	

Function	Object
<u>Code</u>	<u>Code</u>

261 Special procedures and examples are available from the Office of Special Education and Early Intervention Services upon request. The combination of direct and indirect totals cannot exceed the limit established in the State School Aid Act which is presently 15 percent.

- 1550 Crafts and Trades
- 1620 Other Operation and Services. This is limited to switchboard operator or receptionist in a facility used exclusively for special education.
- 1640 Custodian
- 1660 Security
- 1670 Laborer
- 2000 Employee Benefits (same as for teachers, see page 3)
- 3000 Purchased Services
- 3800 Utilities
- 3900 Insurance
- 4100 Repair and Maintenance Services
- 4200 Rentals
- 5900 Supplies and Materials for Operation and Maintenance

271 **PUPIL TRANSPORTATION**

This code is used to report costs for federally funded field trips and Department approved Section 53 transportation. Refer to Attachment C, "Use of Federal Funds Under the Individuals with Disabilities Education Act to Reimburse Field Trips."

Section 53 transportation expenditures are carried forward from the SE-4094 Transportation Expenditure Report to this line.

281 **PLANNING, RESEARCH, DEVELOPMENT AND EVALUATION**  
(Line 35)

Costs limited to those 100% attributable to special education programs and services.

- 1180 Special education approved personnel functioning as planner/monitors, child find coordinators, or compliance personnel.
- 1620 Secretary/clerical working 100% of their employment in special education (state funds only)
- 1860 Temporary clerical (state funds only) must work 100% of their employment in special education.
- 3000 – 7000 Series, refer to page 2 for directions (contracted costs from another Michigan public school district may not be reported).

Function <u>Code</u>	Object <u>Code</u>
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284     **MANAGEMENT INFORMATION SERVICES**  
**For ISD Central Registry Use Only**  
(Line 35)

Data processing costs related to instructional materials are reported under instructional function. If the districts operate their own computer program, an auditable method of billing must be used. Reimbursement is limited to operational costs and may not include purchase or replacement of equipment in the service cost. Refer to Attachment B for more detail.

- 1510    Data Processing Personnel (one secretary/clerical may be federally funded for the central registry at the ISD only)
- 3160    Contract data processing services for central registry only from a nonschool entity. Costs cannot include programming charges or overhead costs. They are limited to machine time, keypunch and supplies. Refer to Attachment B, "Use of Special Education Funds for Computers and Related Expenses."

290     **OTHER SUPPORT SERVICES**

- 4900    Other Purchased Services - room and board for special education students and travel expenses for Special Education Parent Advisory Committee members.

**EMPLOYEE BENEFITS FOR SUPPORT SERVICE PERSONNEL ONLY**  
(Column 2)

- 2100    Insurance of individual health, dental, life, etc.
- 2400    Professional Services
  - 2410 – Physicals, Hepatitis B shots
- 2800    Retirement, Social Security, Medicaid, and other benefits included in the 2800 series.

Before charging unemployment, please refer to Attachment A.

- 2920    Cash Payments in lieu of benefits in the 2100 series.

441     **OUTGOING TRANSFERS**  
**Intermediate School Districts (ISD) Only**

- 3710    Tuition for the Michigan Schools for the Deaf and Blind may be charged to either state or federal funds.

441     **PAYMENTS TO OTHER GOVERNMENTAL UNITS**

- 8290    Transfers to the Michigan Department of Career Development, Rehabilitation Services (MDCD-RS), related to a cooperative agreement that assures the district receives special education services at least equal to the amount transferred to MDCD-RS, are eligible. **Report these costs on line 40, column 8.**

<u>Function Code</u>	<u>Object Code</u>	
441	8290	Transfers to the Department of Community Health, the Family Independence Agency or other governmental units for cooperative services, are not reimbursable. Section 51a limits reimbursement to "approved special education personnel."
421		<b>PAYMENTS TO OTHER GOVERNMENT UNITS OUTSIDE THE STATE</b>
	8310	Tuition for pupils attending public school in another state. This is restricted to either districts that border another state or placements approved under the November 14, 1989 State Board Policy, "Application and Procedure for State Board of Education Authorization for Public Education Agency Placement of a Handicapped Pupil in a Private School."

### **Technical Assistance**

Direct any questions to the Finance and Program Management program at the following address and telephone numbers:

Michigan Department of Education  
Office of Special Education and Early Intervention Services  
Finance and Program Management  
P.O. Box 30008  
Lansing, Michigan 48909

Telephone: (517) 373-6309 (regarding federal funds)  
(517) 241-4517 (regarding state funds)